

D E P A R T M E N T O F T H E T R E A S U R Y



TREASURY NEWS

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STATEMENT BY TREASURY SECRETARY LLOYD BENTSEN

Today we are announcing the Treasury Department's plans to change the design of U.S. currency to enhance its security in this time of rapid technological change.

Last year I charged the Advanced Counterfeit Deterrence Steering Committee, which oversees our deterrence efforts, with the task of assessing and developing features for a more secure currency. The group, chaired by Treasury Under Secretary Frank Newman, has responded quickly to its mandate, and will discuss the program in greater detail at today's hearing before the House Banking Committee.

Our plan, developed in cooperation with the Federal Reserve, is a pre-emptive step to protect U.S. currency from high-tech counterfeiting. This initiative was not undertaken as a result of a crisis or because of any meaningful threat from any particular source. The actual volume of counterfeiting of U.S. currency has been only a very small fraction of the total in circulation. The Secret Service has an outstanding record of enforcement. Two security features introduced in 1991 -- a polyester security thread embedded in the paper and microprinted wording -- have been very effective. But we would risk eventual diminishment of confidence in the integrity of our currency if we did not change it to meet the challenges of a new generation of technology. With diligence, we can ensure the continued security of our currency.

It is vitally important that people around the world understand that all existing U.S. currency will continue to be valid. The re-designed currency will be introduced over a period of years, and no U.S. currency will be demonetized, devalued or recalled.

The testimony today will shed light on the features to be tested and developed in the coming months, and on the process we will follow to put new bills into circulation. The steering committee has examined the emerging technologies accessible to counterfeiters and existing technologies that could be used to make a more secure, more easily verified bill. Its ultimate design will be sufficiently elastic to allow for revisions as new technologies emerge, but will maintain the traditional look of U.S. currency.

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No single feature alone is sufficient and no single currency design can be absolutely counterfeit-proof over time. But with a willingness to re-examine and update our designs, we can stay ahead of the technology curve.

Chairman Gonzalez and other members of the House Banking Committee on both sides of the aisle share our interest in this effort and have encouraged the development of enhanced security features. I would like to thank Chairman Greenspan, Governor Kelley and the Federal Reserve for their work on the Steering Committee. We are happy to take this opportunity to update the Banking Committee on our progress and to announce this important plan.